

## ***Chapter 6 – Drawing Funds***

Once your project has been set-up, you are able to draw funds from IHFA for costs that have been incurred.

### ***A. Pre Agreement Costs***

Community Housing Development Organizations (CHDOs) receiving a CHDO Works award may request reimbursement for any expense eligible under the CHDO Works program incurred on or after the date the IHFA Board of Directors approved the award.

All costs that are eligible for reimbursement under the Foundations program may be incurred prior to award execution by the applicant, subrecipient of the applicant, or professional administrator procured by the applicant. Any pre-agreement cost incurred up to six months prior to the initial application date will be valid for a period of one year from the date of such application.

### ***B. Budget Line Items and Eligible Costs***

#### ***Housing Needs Assessment***

**Administration Costs** (limited to 5% of the award amount):

- Monitoring
- Compliance
- Financial Management
- Reporting
- Training Related
- Contracted services or consultant fees are reimbursable at a reasonable hourly rate
- For local units of government and subrecipients - only direct costs such as salaries and fringe benefits are reimbursable

#### **Housing Needs Assessment (Planning)**

- Overhead
- Program Management
- Meeting Space
- Data Gathering and Surveys
- Related Travel
- Postage
- Marketing and Advertising
- Photocopying
- Printing Fees
- Professional Services

#### ***CHDO Works***

According to 24 CFR §92.208, eligible costs include reasonable and necessary costs for the operation of the CHDO. Such costs include, but are not limited to, salaries, wages, and other employee compensation and benefits; employee education, training, and travel; rent; utilities; communication costs; postage; taxes; insurance; equipment, including filing cabinets; materials; supplies; annual financial audit; attorney's fees; computer equipment (hardware or software);

lead-based paint equipment; and costs associated with a strategic plan. Other costs may also be eligible.

Community Housing Development Organizations receiving a CHDO Works award may request reimbursement for any eligible expense under the CHDO Works program incurred on or after the date that the IHFA Board of Directors approved their award.

Eligible costs do not include furniture or other office décor. Please consult the Allocation Analyst for your region if you have questions about the eligibility of specific costs.

### ***C. Documentation for Drawing Funds***

Supporting documentation and specific forms are required in order to draw funds. The following details the various stages and the differences in required documentation that must be submitted at each stage.

1. Draws on your award:
  - a. Claim Voucher;
  - b. Claim Voucher Narrative; and
  - c. Support Documentation (i.e. detailed summary; all invoices; listing of employee, rate of pay, number of hours worked, and dates worked); and
2. Final Draw on your award
  - a. Claim Voucher;
  - b. Claim Voucher Narrative;
  - c. Support Documentation (i.e. detailed summary; all invoices; listing of employee, rate of pay, number of hours worked, and dates worked);
  - d. Close-out documenting including match documentation (see the closeout chapter of this manual for instructions).

### ***D. Claim Voucher***

The following lists the claim voucher requirements for submission of a draw as well as listing the information that is required to be submitted with the draw request.

#### ***Claim Voucher (Exhibit A)***

1. Fill out all general information requested at the top of the form.
2. Current Draw: This summarizes the amount of money being requested by each budget line item.
3. Budget Line Items:

For a listing of eligible costs under each specific line item, please see the Set-up chapter of this manual.

*Current Budget:* List the most recent approved budget for each line item.

*Previous Draws:* List the amount of funds that has been received from IHFA.

*Current Draw:* List the amount that you are drawing against each budget line item.

*Total Drawn:* Add the previous draw and current draw amounts together.

*Balance to Draw:* This is the difference between the current budget and total drawn.

#### 4. Budget Line Items:

*List Each Budget Line Item*

*Current Budget:* Current CDBG amount set-up for each property

*Current Draw:* Amount requested for each property address

*Balance to Draw:* Amount of CDBG funds left to draw on the specific property address

#### 5. Signature: Must be signed by an authorized signatory.

#### *Claim Voucher Narrative (Exhibit B)*

CDBG Feasibility Study recipients answer all questions. CHDO Predevelopment and CHDO Seed Money Loan recipients answer only questions 1 and 2.

1. Update us on the accomplishments made during the award.
2. Update us on any problems or delays encountered or anticipated in accomplishing the award during its award timeframe.
3. Match

*Total Amount Committed to Project:* enter the match liability

*Match Amount Expended:* enter the total amount expended to date.

*Banked Match Utilizing:* enter the amount of match that you anticipate using from your banked match supply.

*Match Balance:* enter the amount of match you still must document to meet your match liability.

4. Local Units of Government Only – answer questions 4a and 4b updating us on the action you are taking to affirmatively further fair housing.

#### **E. Support Documentation Requirements**

- a. Include a detailed summary list of each expenditure being requested for reimbursement by line item.
- b. Include a copy of all invoices.
- c. Supporting documentation for drawdowns from the Administration, Environmental Review, Program Delivery, CHDO Operating Costs, Transitional Housing, Emergency Shelter or Youth Shelter Operating Costs budget line items requesting reimbursement for time spent on the undertaking by staff of a local unit of government, subrecipient, or not-

for-profit organization must include: name of the employee, dates worked, number of hours worked, the chargeable rate, and the total wage computation.

**DO NOT include actual time sheets with the drawdown submission; however, the recipient must keep this documentation on file for IHFA monitoring purposes.**

- d. Fringe benefits must also be listed on the support documentation summary.
- e. Indirect costs are chargeable to the program in one of two ways and can only be used for the administration and CHDO Operating Costs line items:
  - Costs may be maintained directly, such as accurate counts of telephone calls, copies made, and postage spent.
  - Costs may be allocated through an indirect cost allocation plan. The indirect cost allocation plan must be approved by a federal or state agency for IHFA to recognize this plan. The following documentation must be included with the first drawdown only:
    - A copy of the agency's indirect cost allocation plan; and
    - A summary of costs included in the indirect cost allocation plan

#### ***F. Receipt & Disbursement of Funds***

The following outlines the time frame in which the receipt of your federal funds must be expended. There are different requirements for HOME versus CDBG; please refer to the proper section for your type of award.

##### ***HOME Funds***

#### **1. Establish account for HOME funds.**

HOME recipients may choose to either establish a separate fund within the general fund or establish a separate bank account for the HOME program. The bank account must be non-interest bearing.

#### **2. Disburse HOME funds in a timely manner.**

- a. HOME recipients have fifteen calendar days to disburse drawdowns from their local HOME account to a \$0 balance. The HOME recipient must begin counting the fifteen days from the date it receives the HOME reimbursement check from IHFA. Additionally, if the recipient disburses the HOME funds to a subrecipient or award administrator, they, in turn, must achieve a \$0 balance within fifteen days of receiving the funds.
- b. If the recipient is unable to disburse the federal funds in a timely manner, the recipient must immediately return the funds to IHFA.

##### ***CDBG Funds***

#### **1. Establish account for CDBG funds.**

CDBG recipients may choose to either establish a separate fund within the general fund or establish a separate bank account for the CDBG program. The bank account must be non-interest bearing.

2. Disburse CDBG funds in a timely manner.
  - a. CDBG recipients must adhere to the “\$5,000/3-Day Rule.” The local unit of government recipient must expend award funds to a balance of less than \$5,000 within 3 days of receiving the CDBG reimbursement check. Additionally, if the recipient disburses the CDBG funds to a subrecipient or award administrator, they, in turn, must achieve a balance less than \$5,000 within a 3-day period of receiving the funds.
  - b. If the recipient is unable to disburse the federal funds in a timely manner, the recipient must immediately return the funds to IHFA.

### ***G. Retainage Policy***

IHFA will withhold the final \$5,000 on HOME and CDBG awards until all close-out documentation, including match/leverage information and all other supporting documentation, has been submitted and approved by IHFA staff.

Additionally, for CDBG Housing Needs Assessment recipients, IHFA will hold 10% of the award until the Housing Needs Assessment is received and approved by IHFA and until all close-out documents, including match information has been received.

### ***H. Return of Funds***

When returning HOME or CDBG funds, please complete Exhibit C and submit along with the funds to the IHFA Program Accountant.

### ***I. Financial Management Forms***

The following ledgers help to control receipts and disbursements of federal funds as well as ensuring that you do not over expend your budget line items.

#### ***1. Federal Cash Control Register (Exhibit D)***

The Federal Cash Control Register must be used to record requests for payments submitted (drawdowns), checks received, disbursements, and the balance of federal cash on hand on both a daily and cumulative basis. The register documents the timely disbursement of the HOME or CDBG funds. It also serves as a crosscheck to total receipts, disbursements, and the cash balance shown in the accounting records. Subsequently, it is imperative to record each transaction as it occurs.

**If you employ the services of a award administrator or subrecipient who makes payments with the HOME/CDBG funds, this entity is also responsible for keeping a federal cash control register and responsible for disbursing funds in the manner prescribed for the funding source.**

- a. When a draw request has been sent to the IHFA, the request for funds must be recorded in the Federal Cash Control Register section entitled Request for Payment Submitted.

The columns to complete include the document number, date of request, amount requested, and cumulative amount requested. The document number to use would be the draw number used on the Claim Voucher. By maintaining the Request for Payment Submitted section of the Federal Cash Control Register, in-process draws become easier to track.

- b. When the drawdown of funds is received by the recipient, the date of issuance from the IHFA, the check number, and cumulative amount should be entered into the Drawdown Checks Received section.
- c. When funds are disbursed, the date of disbursement, check number, payee, check amount, and cumulative check amount should be recorded in the appropriate boxes of the Disbursements section of the Federal Cash Control Register

***J. Drawing Funds Exhibits***

- A Claim Voucher
- B Claim Voucher Narrative
- C Return of Funds
- D Federal Cash Control Register